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Accountants (AICPA) Historical Collection

1947

Public Information Release no. 15

American Institute of Accountants. State Society Service Department

A. H. Robertson

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OCT 17 1947

Miss Johnston *105 A

A.H. Robertson,
Director

American Institute of Accountants

INCORPORATED UNDER THE LAWS OF THE DISTRICT OF COLUMBIA

THE NATIONAL ORGANIZATION OF CERTIFIED PUBLIC ACCOUNTANTS

13 EAST 41ST STREET, NEW YORK 17, N. Y.

also filed under

October 16, 1947

*106.1A
(1947)

Public Information
Release No. 15

(To presidents of state societies
+ chapters.)

Dear Mr....

The Institute offers to your society or chapter, for such use as you may consider appropriate, the enclosed series of ten institutional advertisements, designed to widen public understanding of the usefulness of certified public accountants to the community.

The background of this proposed institutional advertising program is described in the article by the secretary of the Institute in the enclosed pre-print from The Certified Public Accountant for October.

Questions of how the advertisements might be put to good use are discussed in a memorandum by the advertising agency which assisted in their preparation, also enclosed. Suggestions as to how to finance such a public relations program have been presented in organization and methods of operation Release No. 11 of the State Society Service Department, dated August 20, 1947.

You will note that at the close of each advertisement is an invitation to the reader to request a copy of the public information pamphlet "What Does an Auditor's 'Certificate' Mean?". Copies of this pamphlet, bearing the imprint of the state society or chapter concerned, are available from the Institute at a price of \$6.50 for the first one hundred, and \$2.25 for each additional hundred. While it is believed this invitation will increase the public relations value of each advertisement, it may be deleted from the copy by any state society or chapter which decides not to make pamphlets available.

This institutional advertising program is submitted with the approval of the council of the American Institute as a public relations service to state societies and their chapters. It is recognized as an experiment, but one which has been undertaken after careful deliberation, in a sincere belief it may produce valuable results for the profession as a whole. If it proves successful, it may be extended and elaborated.

It is fully understood, however, that each state society or chapter will consider the suggested program on its own merits, and is entirely free to make its own decision as to whether or not to put it into effect.

Yours sincerely,

(Signed) Heaton Robertson
Director

AHR/ec
Encls.

Institutional Advertising of Public Accounting

By JOHN L. CAREY, Secretary

THE COUNCIL of the American Institute of Accountants last May approved a recommendation of the committee on public information that a series of messages be prepared—both text and type design—for the use of state societies as paid institutional advertisements where they decide that such advertising will be helpful to them. The expenditure of Institute funds to cover the cost of preparing the material was authorized by the council. By cooperative efforts of the staff of the Institute, the committee on public information, and a New York advertising agency retained for the purpose, there have now been completed a series of statements designed to inform the public about the profession. Proofs in appropriate type style and layout have been mailed to state societies and their chapters, together with a letter indicating the manner in which the material might be used effectively.

Reaction of the Profession

Preliminary discussions already indicate that the proposed institutional advertising program will be received by the profession with mixed feelings. Many certified public accountants have an instinctive antipathy to paid advertising, as such, probably as the result of complete acceptance and approval of the Institute's rules of conduct prohibiting advertising of the professional attainments or services of individual members. Others fear that the profession as a whole might lose face if it resorted to paid advertising, because other older professions have not yet widely used this medium of communication to the public.

The discussion in committee and on the floor of the council, which led to the recommendation in favor of institutional advertising and its adoption, developed the following reasoning, which outweighed the arguments of those who questioned the proposal:

(1) There is ample evidence that certified public accountants are not as widely recognized as members of a profession as they should be; that accounting is not as clearly distinguished from bookkeeping, in the minds of the public, as it should be; that the concept of the auditor's independence is not thor-

oughly understood; that the contribution which the accounting profession makes to the welfare of the community as a whole is not fully appreciated.

- (2) The profession is faced with conflicts and critical attitudes which may seriously impair its opportunity to be of maximum service to the community, if it does not have the support in legislatures and in other influential circles which can come only from public confidence in the profession's role in business affairs and its usefulness to society as a whole.
- (3) Public confidence in the accounting profession can be developed only if there is wide understanding of a number of basic facts and ideas. Available channels of communication with the public are limited. The most important is the professional communication of members with their own clients and acquaintances. Others are speeches, news publicity, magazine articles, radio broadcasts, and paid advertising. All are important, and have a place in the Institute's general public relations program. But the quickest and most direct means of communicating simple ideas to large numbers of people is through the use of purchased space in newspapers and magazines.
- (4) The trend of recent events seems to justify the use of the quickest and most direct means of communication to the public to improve general understanding of the accounting profession's qualifications, its objectives, and its general usefulness.
- (5) The question whether paid advertising is dignified or not depends on the manner in which the material is presented and what it says.
- (6) There is nothing unethical in institutional advertising which does not attempt to sell the services or attainments of any individual or group of individuals, but rather attempts to convey information which it is beneficial to the public to have.

Text of Advertisements

To accomplish the indicated objectives, simplicity and brevity in each message are essential. To this end, each message in the series attempts to set forth only one basic idea, but the series as a whole covers the

essential concepts on which rests the profession's usefulness to society. The full text of the series is reprinted as follows:

A HALF CENTURY OF SERVICE TO AMERICAN BUSINESS

The first Certified Public Accountant law in the United States was enacted by the State of New York in 1896. Every state and territory followed suit with similar legislation.

These laws were enacted in recognition of a public need for the establishment of professional standards of education, experience, competence and integrity for those who would practice public accounting. Only those who have met these standards can legally use the designation, Certified Public Accountant.

The accounting profession is young in comparison with medicine and law; but Certified Public Accountants have gained their experience in a period of unusual complexity and rapid change in American business. They combine this experience with intelligent judgment, to provide management, at periodic intervals, with a fair yardstick of its achievements.

WHY PROFESSIONAL STANDARDS?

How do accountants become Certified Public Accountants? By meeting the requirements prescribed by State law, as to character, experience and education, and by passing a two-and-a-half day written examination.

There is ample reason for this exacting procedure: businessmen, bankers, investors, labor unions and government agencies may rely on the opinion of a CPA that a financial statement shows fairly the assets, liabilities and profits of a business concern.

Those who risk their money or reputation on such information have a right to assurance that the CPA who gives the opinion has shown his competence by meeting professional standards.

GOOD BUSINESS CALLS FOR GOOD ACCOUNTING

Stuart Chase, the well-known economist, has said: "Once a business becomes too big for one brain to handle personally, accounting takes over the job."

American business could not have grown to its present size without accounting.

Advising business, big and small, on management problems involving accounting is an important part of the work of many Certified Public Accountants. They help management

keep expenses in line with income . . . pay the right taxes (not too much or too little) . . . cut over-all costs.

A CPA's work can help business efficiency and economy—which in turn may result in lower costs and lower prices.

INDEPENDENCE AND SELF-INTEREST

When a company reports how much profit it made—supported by the opinion of a Certified Public Accountant—how can you be sure his judgment isn't influenced by the management's optimism or conservatism?

Can a man be independent of the person who pays him? Will self-interest conflict with independence?

As independent auditor, the Certified Public Accountant finds that self-interest strengthens independence. . . . He can be fully useful to the client who pays his fee, only if the audit increases the reliability of the financial statements in the eyes of bankers, investors, and others interested.

In this case, self-interest dictates "hew to the line, let the chips fall where they may." The CPA's career is endangered if there is any loss of confidence in his work.

The ethical codes of the state and national professional societies of Certified Public Accountants are based on this conception.

HOW GOOD IS AN OPINION?

That depends on who gives it. And on what it is based.

Certified Public Accountants give opinions on whether company financial statements fairly show assets, liabilities, profits. The CPA's opinion is based on an independent audit—which means an extensive financial examination.

In this examination he tests a wide variety of the concern's transactions, enough to satisfy him that its records in their entirety are reliable.

This kind of opinion is an informed and expert judgment by a responsible professional man. Naturally the investor, banker, or creditor is reassured by this independent appraisal of a company's accomplishments.

ALL IN THE DAY'S WORK

Broad knowledge of financial matters equips the Certified Public Accountant to play a useful part in the affairs of the community, national or local.

CPA's have suggested tax reforms to Congress, and helped to carry them out. They have assisted Congress in reducing the Federal budget. They have helped many government agencies in forming and administering accounting regulations.

CPA's have served as Mayors and City

Treasurers, chairmen of Boards of Education, heads of Community Chests.

The Certified Public Accountant's professional experience and skills enable him to contribute to community betterment everywhere.

HOW MUCH DID YOU MAKE LAST YEAR?

That's not an easy question. Profit can't be determined by arithmetic—but only by accounting. And accounting requires informed and expert *judgment*. It means sorting and arranging all the complex transactions of business, and presenting them in an orderly manner to show the results fairly.

But even experts can honestly disagree on the amount of profit for a year. Optimism or conservatism can influence their judgment.

That's why the Certified Public Accountant was born. As an independent, professional auditor, he brings to the job a *disinterested* judgment, and a sense of responsibility to everyone who may rely on the opinion he attaches to financial statements.

TAXES: AN ACCOUNTING PROBLEM

Income is determined by accounting. So, accounting is at the root of income taxation.

Naturally, business has always turned to Certified Public Accountants for aid in preparing its income-tax reports, and for assistance in settling disputed tax items with the government.

The government, too, welcomes the aid of CPA's in explaining to taxpayers the accounting requirements involved—as evidenced by the fact that the Treasury Department authorizes CPA's to represent clients in tax proceedings.

By assisting in the prompt payment of the right amount of taxes—corporate or individual—Certified Public Accountants help to reduce the cost of paying—and collecting—the nation's taxes.

GOVERNMENT IS BUSINESS, TOO

Government activities present varied accounting problems. Certified Public Accountants are often called on to help "public" as well as private business.

CPA's have helped the General Accounting Office, in efficient handling of the government's internal affairs . . . Congressional Appropriations Committees, in shaping the Federal budget . . . the Securities and Exchange Commission, in protecting investors . . . the Treasury Department, on tax problems.

By cooperating with the government in such ways as these, CPA's are helpful to John and Jane Doe—average citizens all over the United States.

THEY HELP THOSE WHO HELP THE PUBLIC

As independent, professional auditors, Certified Public Accountants serve a host of useful organizations dedicated to public service, in addition to business concerns.

By audits of financial condition and operations, CPA's stand guard over the funds of hospitals, churches, schools, colleges and other institutions dedicated to the public welfare. CPA's are often able to point out financial dangers . . . suggest remedial action that can mean the difference between continuation of valuable public services or their abrupt termination.

Hence the CPA's professional skill and experience make him a "regular contributor" to maintenance of essential community services.

Financing and Mechanics

Several state societies or chapters have already indicated their intention to make use of this material at an early date. In most cases funds will have to be raised for the purchase of newspaper or magazine space outside the regular budget of the state society concerned. Of the various possible methods of raising funds, the one most generally preferred seems to be voluntary contributions by public accounting firms, as such, based on the volume of services or number of employees.

Many state society officers and boards of directors may hesitate to embark upon a program for which there is no precedent without being certain whether a majority of their members would approve it or not. It may be helpful to those who must make the decision, if individual members of the Institute who strongly favor or oppose this project would communicate their views to their state society officers.

Expressions from individual members of the Institute indicate a wide demand for some program of publicity which will eliminate misunderstanding and enhance the prestige of certified public accountants. Council of the Institute, by its action, has indicated a belief that institutional advertising is an important step toward that objective. The responsibility for final decision and action, however, naturally rests with certified public accountants of each individual community, where conditions may be different from those in other parts of the country. For this reason, the Institute offers the institutional advertising material to state societies as a service which may be accepted or rejected wholly in the discretion of the local organizations.



THE MERRILL ANDERSON COMPANY

142 EAST 39TH STREET

NEW YORK 16, N. Y.

SUGGESTIONS FOR PLACING ADVERTISEMENTS

1. We are forwarding proof-sheets of ten institutional advertisements presented in different sizes. The largest of these, numbered 1-A, reproduces only the initial announcement, whereas the smaller sizes, numbered 2-A through 2-J and 3-A through 3-J, present the entire series of ten. This series will be available in the largest size (#1), but reproduction of all ten ads in this size has been deferred until you inform the American Institute of Accountants which style of ad you plan to use.

2. When you have made your decision, printer's "mats" of the ten advertisements in the size you select (i.e., number 1, 2 or 3) will be sent you, where advertisements are to be published in newspapers. The largest one (#1) is 140 lines on 4 columns (a total of 560 lines); the next size is 112 lines on three columns (a total of 336 lines), and the smallest size 70 lines on 2 columns (a total of 140 lines). In order to find out what it would cost you to place these advertisements, call the advertising manager of the newspaper or publication you intend to use, and ask him the rate per line. You can then multiply this by the sizes given above.

3. These advertisements may be run in local newspapers and other publications, such as the bulletins of Chambers of Commerce, periodicals of State manufacturers' associations, banking groups, etc. Space costs of these journals are usually moderate. If your budget is limited, you can advertise in them and omit the newspapers. However, for best results it is advisable to advertise in both media. In other than newspaper advertising, you will not have to submit mats, but can give publications proofs of the ads and have them set in type by the publication in the size desired.

4. If newspapers are used, we recommend some weekday issue -- Monday through Friday. In many cities the bulk of retail advertising falls in the last couple of days in the week. In order to avoid this competition, you can run the ad Monday, Tuesday, or Wednesday. The advertising managers of newspapers will be glad to advise you on this point.

5. In the case of newspapers, if there are a number in your city, pick out the one or ones which you think have the largest reading among businessmen and other groups to which your messages are addressed.

6. For position in a newspaper, we recommend using the financial or business page, if the newspaper concerned has a good one. This insures the ads being read by businessmen. If there is no good

financial or business page, you can consider running the ad Run of Paper, requesting a position well forward next to live news matter. If the paper is crowded with department store and other retail advertising, you might not think it advisable that the ad appear Run of Paper. In this case, you may want to pay for a Preferred Position. You have to pay a premium for Preferred Position in most newspapers and advertising managers will give the rates. A good Preferred Position is opposite editorial page, or on the first three pages of the newspaper.

7. There is a blank space left at the bottom of the advertisements in which to insert the seal, name and address of your Society or Chapter. This can be set up by the newspaper or other publication and inserted in the ad. Below, we provide suggestions regarding type faces in which to set this material so that it will be in harmony with the typography of the advertisements. Merely provide the publication with the correct information about the name and address of your Society or Chapter, and ask them to set it and the seal up in accordance with these type suggestions and insert in the bottom of the advertisement. It would be well for you to request the publication to submit a proof to you before inserting the ad, so that you may be sure that no mistakes have been made.

8. If you are planning to run the full series of ten ads, it would be well to plan your schedule in advance, placing the ads at well-timed intervals -- say every week or two weeks, or once a month. It might be a good idea to figure out in advance how many lines (see par. 2 above) you will use for the whole program and discuss it with advertising managers. It is well to remember that newspapers allow a lower rate for certain numbers of lines used within a specified time.

9. If you are not satisfied with the position that the newspaper or other publication gives your ad -- if it is buried among other advertisements or appears too far back in the pages -- call up the advertising manager and ask for better position. Newspapers in particular like to keep their advertising customers happy, and you may be able to get a better position next time.

10. Suggested type specifications: For largest advertisement (series #1) name of Society or Chapter should be set in 24-point Bodoni Bold, with the address in 12-point Bodoni. If this type style is not available, set in a Gothic type, not condensed.

11. For advertisement series #2, set name and address in 18-point Bodoni Bold and 12-point Bodoni, respectively. For series #3, set name and address in 14-point Bodoni Bold and 10-point Bodoni, respectively. Any other part of the signature should be set, if possible, in the Bodoni family of typefaces.

12. We have only roughly indicated the size and position of the seal used by your Society or Chapter. It may be that you will have to reduce the seal size or change position from the center of the ad to the right or left hand side of the columns in order to accommodate Society or Chapter names of more than usual length.

13. Your local publication or engraver can supply you with the cut of the seal in the size you desire. Just give the publisher or engraver a clear proof or copy of the seal.

A HALF CENTURY OF SERVICE

to American Business

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These laws were enacted in recognition of a public need for the establishment of professional standards of education, experience, competence and integrity for those who would practice public accounting. Only those who have met these standards can legally use the designation, Certified Public Accountant.

The accounting profession is young in comparison with medicine and law; but Certified Public Accountants have gained their experience in a period of unusual complexity and rapid change in American business. They combine this experience with intelligent judgment, to provide management, at periodic intervals, with a fair yardstick of its achievements.

Interested readers are invited to send for "What Does An Auditor's 'Certificate' Mean?" Address The Secretary.



(Name of Society of Certified Public Accountants)

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Why Professional Standards?

How do accountants become Certified Public Accountants? By meeting the requirements prescribed by State law, as to character, experience and education, and by passing a two-and-a-half day written examination.

There is ample reason for this exacting procedure: businessmen, bankers, investors, labor unions and government agencies may rely on the opinion of a CPA that a financial statement shows fairly the assets, liabilities and profits of a business concern.

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(Name of Society of Certified Public Accountants)

Ad No. 2b (3 col. x 8 inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

Good Business Calls For Good Accounting

Stuart Chase, the well-known economist, has said: "Once a business becomes too big for one brain to handle personally, accounting takes over the job."

American business could not have grown to its present size without accounting.

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A CPA's work can help business efficiency and economy—which in turn may result in lower costs and lower prices.

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(Name of Society of Certified Public Accountants)

Ad No. 2c (3 col. x 8 inches)

Prepared by
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142 EAST 39TH STREET, NEW YORK

Independence and Self-Interest

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Can a man be independent of the person who pays him? Will self-interest conflict with independence?

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In this case, self-interest dictates "hew to the line, let the chips fall where they may." The CPA's career is endangered if there is any loss of confidence in his work.

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(Name of Society of Certified Public Accountants)

Ad No. 2d (3 col. x 8 inches)

Prepared by
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142 EAST 39TH STREET, NEW YORK

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In this examination he tests a wide variety of the concern's transactions, enough to satisfy him that its records in their entirety are reliable.

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(Name of Society of Certified Public Accountants)

Ad No. 2e (3 col. x 8 inches)

Prepared by
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142 EAST 39TH STREET, NEW YORK

All In The Day's Work

Broad knowledge of financial matters equips the Certified Public Accountant to play a useful part in the affairs of the community, national or local.

CPAs have suggested tax reforms to Congress, and helped to carry them out. They have assisted Congress in reducing the Federal budget. They have helped many government agencies in forming and administering accounting regulations.

CPAs have served as Mayors and City Treasurers, chairmen of Boards of Education, heads of Community Chests.

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(Name of Society of Certified Public Accountants)

Taxes: An Accounting Problem

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(Name of Society of Certified Public Accountants)

Ad No. 2g (3 col. x 8 inches)

Prepared by
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142 EAST 39TH STREET, NEW YORK

They Help Those Who Help The Public

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By audits of financial condition and operations, CPAs stand guard over the funds of hospitals, churches, schools, colleges and other institutions dedicated to the public welfare. CPAs are often able to point out financial dangers . . . suggest remedial action that can mean the difference between continuation of valuable public services or their abrupt termination.

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This is the eighth in a series of ten institutional messages to the public. Those interested in securing reproductions of the whole series are invited to address The Secretary.



(Name of Society of Certified Public Accountants)

Ad No. 2h (3 col. x 8 inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

Government Is Business, Too

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(Name of Society of Certified Public Accountants)

How Much Did You Make Last Year?

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Ad No. 2j (3 col. x 8 inches)

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142 EAST 39TH STREET, NEW YORK

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(Name of Society of Certified Public Accountants)

Ad No. 3a (2 cols. x 7½ inches)

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Ad No. 3b (2 col. x 7½ inches)

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(Name of Society of Certified Public Accountants)

Ad No. 3c (2 col. x 7½ inches)

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Ad No. 3e (2 col. x 7½ inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

All In The Day's Work

Broad knowledge of financial matters equips the Certified Public Accountant to play a useful part in the affairs of the community, national or local.

CPAs have suggested tax reforms to Congress, and helped to carry them out. They have assisted Congress in reducing the Federal budget. They have helped many government agencies in forming and administering accounting regulations.

CPAs have served as Mayors and City Treasurers, chairmen of Boards of Education, heads of Community Chests.

The Certified Public Accountant's professional experience and skills enable him to contribute to community betterment everywhere.

Interested readers are invited to send for "What Does An Auditor's 'Certificate' Mean?" Address The Secretary.



(Name of Society of Certified Public Accountants)

Ad No. 3f (2 col. x 7½ inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

Taxes: An Accounting Problem

Income is determined by accounting. So, accounting is at the root of income taxation.

Naturally, business has always turned to Certified Public Accountants for aid in preparing its income tax reports, and for assistance in settling disputed tax items with the government.

The government, too, welcomes the aid of CPAs in explaining to taxpayers the accounting requirements involved—as evidenced by the fact that the Treasury Department authorizes CPAs to represent clients in tax proceedings.

By assisting in the prompt payment of the right amount of taxes—corporate or individual—Certified Public Accountants help to reduce the cost of paying—and collecting—the nation's taxes.

Interested readers are invited to send for "What Does An Auditor's 'Certificate' Mean?" Address The Secretary.



(Name of Society of Certified Public Accountants)

Ad No. 3g (2 col. x 7½ inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

They Help Those Who Help The Public

As independent, professional auditors, Certified Public Accountants serve a host of useful organizations dedicated to public service, in addition to business concerns.

By audits of financial condition and operations, CPAs stand guard over the funds of hospitals, churches, schools, colleges and other institutions dedicated to the public welfare. CPAs are often able to point out financial dangers . . . suggest remedial action that can mean the difference between continuation of valuable public services or their abrupt termination.

Hence the CPA's professional skill and experience make him a "regular contributor" to maintenance of essential community services.

This is the eighth in a series of ten institutional messages to the public. Those interested in securing reproductions of the whole series are invited to address The Secretary.



(Name of Society of Certified Public Accountants)

Ad No. 3h (2 col. x 7½ inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

Government Is Business, Too

Government activities present varied accounting problems. Certified Public Accountants are often called on to help "public" as well as private business.

CPAs have helped the General Accounting Office, in efficient handling of the government's internal affairs . . . Congressional Appropriations Committees, in shaping the Federal budget . . . the Securities and Exchange Commission, in protecting investors . . . the Treasury Department, on tax problems.

By cooperating with the government in such ways as these, CPAs are helpful to average citizens all over the United States.

This is the ninth in a series of ten institutional messages to the public. Those interested in securing reproductions of the whole series are invited to address The Secretary.



(Name of Society of Certified Public Accountants)

Ad No. 3i (2 col. x 7½ inches)

Prepared by
THE MERRILL ANDERSON CO., INC.
142 EAST 39TH STREET, NEW YORK

How Much Did You Make Last Year?

That's not an easy question. Profit can't be determined by arithmetic—but only by accounting. And accounting requires informed and expert *judgment*. It means sorting and arranging all the complex transactions of business, and presenting them in an orderly manner to show the results fairly.

But even experts can honestly disagree on the amount of profit for a year. Optimism or conservatism can influence their judgment.

That's why the Certified Public Accountant was born. As an independent, professional auditor, he brings to the job a *disinterested* judgment, and a sense of responsibility to everyone who may rely on the opinion he attaches to financial statements.

This is the tenth in a series of ten institutional messages to the public. Those interested in securing reproductions of the whole series are invited to address The Secretary.



(Name of Society of Certified Public Accountants)

Ad No. 3j (2 col. x 7½ inches)

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